

**TRANSMITTAL AND NOTICE OF APPROVAL
OF STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER

02-24

2. STATE:

ILLINOIS

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE:

July 1, 2002

5. TYPE OF PLAN MATERIAL (Check One)

☐ NEW STATE PLAN

☒ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT

a. FFY 02 \$6,381,000
b. FFY 03 \$25,524,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, Pages 101, 131 (A)(B)(C)(D), (E)
and (F).

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Attachment 4.19-A, Pages 101 and 131 (A)(B)(C)(D) and
(E) and (F).

10. SUBJECT OF AMENDMENT:

INPATIENT

11. GOVERNOR'S REVIEW (Check One)

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

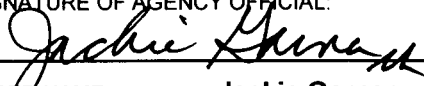
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Not submitted for review by prior
approval.

12. SIGNATURE OF AGENCY OFFICIAL:



13. TYPED NAME: Jackie Garner

14. TITLE: DIRECTOR

15. DATE SUBMITTED

16. RETURN TO:

ILLINOIS DEPARTMENT OF PUBLIC AID
201 SOUTH GRAND AVENUE, EAST
SPRINGFIELD, IL. 62763-0001
ATTENTION: John Rupcich

FOR REGIONAL OFFICE USE ONLY

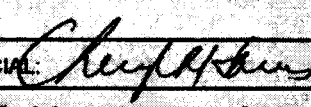
17. DATE RECEIVED: 8/16/02

18. DATE APPROVED: 10/16/02

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME

Cheryl A. Harris

22. TITLE: Associate Regional Administrator'
Division of Medicaid and Children's Health

23. REMARKS:

RECEIVED

AUG 16 2002

DMCH - IL/IN/OH

STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR
HOSPITAL REIMBURSEMENT: MEDICAL ASSISTANCE-GRANT (MAG) AND
MEDICAL ASSISTANCE-NO GRANT (MANG)

2. The Department shall make urban hospital designations in accordance with Section B.4. of Chapter XVI. Hospitals have the right to appeal the designation if it is believed that a technical error has been made in the determination. The appeal must be made in writing and must be received no later than 30 days after notification of the designation. Such a request shall include a clear explanation of the reason for the appeal and documentation of the desired correction. The Department shall notify the hospital of the results of the review no later than 30 days after receipt of the hospital's request for review.

7/02

J.

Safety Net Hospital Adjustment Payment Reviews.

The Department shall make Safety Net Hospital Adjustment Payments in accordance with Section K of Chapter XV.

Hospitals shall be notified in writing of the results of the Safety Net Hospital Adjustment Payments determination and calculation, and shall have the right to appeal the Safety Net Hospital Adjustment Payment calculation or their ineligibility for Safety Net Hospital Adjustment Payments if it is believed that a technical error has been made in the calculation by the Department. The appeal must be submitted in writing to the Department and must be received or post marked within 30 days after the date of the Department's notice to the hospital of its qualification of Safety Net Hospital Adjustment Payments and payment adjustment amounts, or a letter of notification that the hospital does not qualify for Safety Net Hospital Adjustment Payments. Such a request must include a clear explanation of the reason for the appeal and documentation that supports the desired correction. The Department shall notify the hospital of the results of the review within 30 days after receipt of the hospital's request for review.

TN # 02-24
SUPERSEDES
TN # 97-11

APPROVAL DATE

OCT 15 2002

EFFECTIVE DATE 07-1-02

STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL
REIMBURSEMENT: MEDICAL ASSISTANCE-GRANT (MAG) AND MEDICAL ASSISTANCE-NO
GRANT (MANG)

3/18/02 K. Safety Net Hospital Adjustment Payments

- 7/02 1. Qualifying criteria: Safety net hospital adjustment payments shall be made to a qualifying hospital, as defined in this subsection (1). A hospital not otherwise excluded under subsection (2) below shall qualify for payment if it meets one of the following criteria:
- a. It has, ~~as of October 1, 2001~~, as provided in subsection (5)(f), a MIUR equal to or greater than the 40%.
 - b. It has the highest number of obstetrical care days in the safety net hospital base year.
 - c. It is, as of October 1, 2001, a sole community hospital, as defined by the United States Department of Health and Human Services (42 CFR 412.92).
 - d. It is, as of October 1, 2001, a rural hospital, as described in Section H.4. of Chapter VIII, that meet the following criteria:
 - i. Has a MIUR greater than 33 percent.
 - ii Is designated a perinatal level two center by the Illinois Department of Public Health
 - ii Has fewer than 125 licensed beds.
 - e. It is a rural hospital, as described in Section H.4. of Chapter VIII.
- 7/02 2. The following five classes of hospitals are ineligible for safety net hospital adjustment payments associated with the qualifying criteria listed in 1(a) ~~and through~~ 1(d).
- a. Hospitals located outside of Illinois.
 - b. County-owned hospitals, as described in Section A.1.a.i. of Chapter XVI.
 - c. Hospitals organized under the University of Illinois Hospital Act, as described in Section A.1.a.ii. of Chapter XVI.
 - d. Psychiatric hospitals, as defined in Section C.1. of Chapter II.
 - e. Long term stay hospitals, as defined in Section C.4. of Chapter II.

TN # 02-24
SUPERSEDES
TN # 02-04

APPROVAL DATE OCT 1 2002 EFFECTIVE DATE 07-01-02

STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL REIMBURSEMENT: MEDICAL ASSISTANCE-GRANT (MAG). AND MEDICAL ASSISTANCE-NO GRANT (MANG).

3. Safety Net Hospital Adjustment Rates

- a. For a hospital qualifying under subsection (1)(a) above, the rate is the sum of the amounts for each of the following criteria for which it qualifies:
 - i. A qualifying hospital—\$15.
 - ii. A rehabilitation hospital, as defined in Section C.2. of Chapter II)—\$20.
 - iii. A children's hospital, as described under Section II.C.3—\$20.
 - iv. A children's hospital that has a MIUR greater than or equal to 80 per centum that is:
 - A. Located within HSA 6 or HSA 7—\$80.
 - B. Located outside HSA 6 or HSA 7—\$35.
 - v. A children's hospital that has a MIUR less than 80 per centum, but greater than or equal to 60 per centum that is:
 - A. Located within HSA 6 or HSA 7—\$35.
 - B. Located outside HSA 6 or HSA 7—\$15.
 - vi. A children's hospital that has a MIUR less than 60 per centum, but greater than or equal to 45 per centum that is:
 - A. Located within HSA 6 or HSA 7—\$12.
 - B. Located outside HSA 6 or HSA 7—\$5.
 - vii. A children's hospital with more than 25 graduate medical education programs, as listed in the "2000-2001 Graduate Medical Education Directory"—\$92.
 - viii. A children's hospital that is a rural hospital—\$145.
 - ix. A qualifying hospital, that is neither a rehabilitation hospital nor a children's hospital, that is located in HSA 6 and that:
 - A. Provides obstetrical care—\$10.
 - B. Has at least one graduate medical education program, as listed in the "2000-2001 Graduate Medical Education Directory"—\$5.

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Attachment 4.19-A
Page 131(C)

STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL
REIMBURSEMENT: MEDICAL ASSISTANCE-GRANT (MAG). AND MEDICAL ASSISTANCE-NO
GRANT (MANG).

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- C. Has at least one obstetrical graduate medical education program, as listed in the "2000-2001 Graduate Medical Education Directory"—\$5.
- D. Provided more than 5,000 obstetrical days in the safety net hospital adjustment base period—\$35.
- E. Provided fewer than 4,000 obstetrical days in the safety net hospital adjustment base period and its average length of stay is:
 - I. Less than or equal to 4.50 days—\$5.
 - II. Less than 4.00 days—\$5.
 - III. Less than 3.75 days—\$5.
- x. A qualifying hospital, that is neither a rehabilitation hospital nor a children's hospital, that is located outside HSA 6, that has a MIUR greater than 50 per centum, and that:
 - A. Provides obstetrical care—~~\$600~~ \$70
 - B. Does not provide obstetrical care—\$30.
- b. For a hospital qualifying under Section (1)(b) of these rules, the rate shall be \$123.
- c. For a hospital qualifying under Section (1)(c) of these rules, the rate is the sum of the amounts for each of the following for which it qualifies:
 - i. A qualifying hospital—\$40.
 - ii. If it has ~~fewer than 150 licensed beds and~~ has an average length of stay less than 4.00 days and:
 - A. ~~Greater than or equal to 4.00 days~~ More than 150 licensed beds—\$20.
 - B. ~~Less than 4.00 days~~ Fewer than 150 licensed beds—\$40.
 - iii. The eligible hospital with the lowest average length of stay—\$15.
 - iv. It has a CMIUR greater than 65 per centum—\$35.
 - v. It has fewer than 25 total admissions in the safety net hospital adjustment base period—\$160.

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STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL REIMBURSEMENT: MEDICAL ASSISTANCE-GRANT (MAG) AND MEDICAL ASSISTANCE-NO GRANT (MANG)

- d. For a hospital qualifying under subsection (1)(d) the rate shall be \$55.
- e. For a hospital qualifying under subsection (1)(e), the rate is the sum of the amounts for each of the following for which it qualifies divided by the hospital's total days:
 - i. The hospital that has the highest number of obstetrical care admissions—\$30,840.
 - ii. The greater of :
 - A. The product of \$115 multiplied by the number of obstetrical care admissions.
 - B. The product of \$11.50 multiplied by the number of general care admissions.

7/02

4. Payment To a Qualifying Hospital

- ~~a. Payment to a qualifying hospital shall be made twice, during the months of March and June, with each payment being one-half of the total annual payment for which the hospital qualifies.~~
- a. The total annual payments to a qualifying hospital shall be the product of the hospital's rate multiplied by two multiplied by total days.
- b. The total annual adjustment amount shall be paid to the hospital during the Safety Net Hospital Adjustment period in installments on, at least, a quarterly basis.

7/02

~~5. Sunset: This Section is repealed effective July 1, 2002.~~

5. Definitions

- a. "Average length of stay" means, for a given hospital, a fraction, in which the numerator is the number of total days and the denominator is the number of total admissions.
- b. "Combined MIUR" means the sum of Medicaid Inpatient Utilization Rate (MIUR), plus the Medicaid obstetrical inpatient utilization rate, determined as of October 1, 2001, both of which are defined in Chapter VI.C.8.
- c. "General care admissions" means, for a given hospital, the number of hospital inpatient admissions for recipients of medical assistance under Title XIX of the Social Security Act, as tabulated from the Department's

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STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL REIMBURSEMENT: MEDICAL ASSISTANCE-GRANT (MAG) AND MEDICAL ASSISTANCE-NO GRANT (MANG)

claims data for admissions occurring in the safety net hospital base year that were adjudicated by the Department by June 30, 2001, excluding admissions for: obstetrical care, as defined in paragraph (g); for normal newborns; for psychiatric care; for physical rehabilitation; and, those covered in whole or in part by Medicare (Medicaid/Medicare crossover admissions)

- d. "HSA" means Health Service Area, as defined by the Illinois Department of Public Health.
- e. "Licensed beds" means, for a given hospital, the number of licensed beds, excluding long term care and substance abuse beds, as listed in the July 25, 2001, Illinois Department of Public Health report entitled "Percent occupancy by service in year 2000 for short stay, non-federal hospitals in Illinois."
- f. "MIUR" means, for a given hospital, shall be the fraction, determined as of October 1, 2001, as defined in Chapter VI.C.8.e. and determined in accordance with Chapter VI.C.3 and 6, that was used to determine the hospital's eligibility for disproportionate share hospital adjustment payments in rate year 2002, subsection
- g. "Obstetrical care admissions" means, for a given hospital, the number of hospital inpatient admissions for recipients of medical assistance under Title XIX of the Social Security Act, as tabulated from the Department's claims data, for admissions occurring in the safety net hospital base year that were adjudicated by the Department through June 30, 2001, and were assigned by the Department a diagnosis related group code (DRG) of 370 through 375.
- h. "Obstetrical care days" means, for a given hospital, days of hospital inpatient service associated with the obstetrical care admissions described in paragraph (g) above.
- i. "Safety net hospital base year" means the twelve-month period beginning on July 1, 1999, and ending on June 30, 2000.

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REIMBURSEMENT: MEDICAL ASSISTANCE-GRANT (MAG) AND MEDICAL ASSISTANCE-NO
GRANT (MANG)

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- j. Safety Net Hospital Adjustment Period means, beginning July 1, 2002, the 12 month period beginning on July 1 of the year ending June 30 of the following year.
- k. "Total admissions" means, for a given hospital, the number of hospital inpatient admissions for recipients of medical assistance under Title XIX of the Social Security Act, excluding admissions for individuals eligible for Medicare under title XVIII of that act (Medicaid/Medicare crossover admissions), as tabulated from the Department's claims data for admissions occurring in the safety net hospital base year that were adjudicated by the Department through June 30, 2001.
- l. "Total days" means, for a given hospital, the sum of days of inpatient hospital service provided to recipients of medical assistance under Title XIX of the federal Social Security Act, excluding days for individuals eligible for Medicare under title XVIII of that act (Medicaid/Medicare crossover days), as tabulated from the Department's claims data for admissions occurring in the safety net hospital base year that were adjudicated by the Department through June 30, 2001.

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